

2025 BGS Auctions

January 2025

DISCLAIMER

This document is provided for bidder convenience only. If you have any questions concerning application of the Regulations, you should consult with counsel qualified to interpret such Regulations. It is not the role of the EDCs or the BGS Auction Manager to interpret Regulations for bidders.

PREAMBLE

The Clean Energy Act (“CEA”) provides that BGS contracts executed prior to May 23, 2018 are exempt from the *increase* in the solar Renewable Portfolio Standards (“RPS”) requirements. Further, the CEA provides that the incremental solar obligations will be “distributed over” non-exempt BGS contracts (see N.J.S.A. 48:87(d)(3)(c)).

BGS Suppliers winning tranches at the 2025 BGS Auctions are no longer subject to the incremental solar obligations arising from the CEA.

BGS Suppliers are responsible for meeting New Jersey’s RPS requirements for solar electric generation, Class I renewable energy, and Class II renewable energy. The RPS requirements for June 1, 2025 through May 31, 2028 are as follows:

Energy Year	Solar	Class I	Class II
2026 (ending May 31, 2026)	4.50%	38.00%	2.50%
2027	4.35%	41.00%	2.50%
2028	3.74%	44.00%	2.50%

The New Jersey Electric Distribution Companies (“EDCs”)¹ apply the RPS percentages specified by the Board of Public Utilities (“BPU”) to energy supplied by the BGS Supplier and hence, apply the RPS percentages to energy that includes distribution and transmission losses and is derated by the marginal loss factor. To determine the energy that a Load Serving Entity must supply, PJM uses loss-loaded schedules and derates these schedules by marginal losses to arrive at energy settlement values. The factors used in deration are determined for each hour for each EDC by PJM and are available in the BGS Data Room. When calculating the BGS Supplier’s obligations under the RPS, each EDC applies the RPS percentages to the values from the PJM settlement, which are also the values for settlement under the BGS Supplier Master Agreement, and which are equal to the energy that a BGS Supplier must provide.

Compliance with Transition Renewable Energy Certificate (“TREC”) obligations and compliance with SREC-II obligations arising from New Jersey’s Solar Successor Incentive Program (“SuSI”) are a component of the Class I obligation for BGS Suppliers.

¹ The four (4) New Jersey EDCs are Public Service Electric and Gas Company (“PSE&G”), Jersey Central Power & Light Company (“JCP&L”), Atlantic City Electric Company (“ACE”), and Rockland Electric Company (“RECO”).

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The TREC and SREC-II Program Administrator, InClimate Inc, will purchase TRECs and SREC-IIs monthly from eligible system owners with accounts on PJM-EIS GATS. TRECs and SREC-IIs will be retired to the EDCs' joint GATS account and BPU Staff will allocate them to BGS Suppliers annually based on the BGS Supplier's market share of electricity supplied during an energy year.² Allocation of the statewide TREC obligation and the statewide SREC-II obligation to suppliers will follow the method set forth in N.J.A.C. 14:8-2.3 (r) and (t).

The eligibility requirements established by the Regulations for RECs and SRECs are as follows:

1. SRECs may be used to meet the solar requirement or the Class I requirement;
2. Retired TRECs and SREC-IIs will serve as a carve-out of the Class I requirement;
3. Class I RECs may be used only to meet the Class I requirement (but cannot be used to meet solar requirements or Class II requirement); and
4. Class II RECs can only be used to meet Class II requirements.

Below is an illustrative example that follows the BGS Auction Manager's understanding of the Regulations relating to a BGS Supplier's Class I obligation. The calculations are provided solely for the convenience of bidders. The data is illustrative and does not correspond to actual data or to forecast values for electricity sales, to TREC retirements, or to SREC-II retirements.

New Jersey's Division of Clean Energy provides retail sales figures and instructions for calculating RPS obligations of BGS Suppliers through Energy Year ("EY") 2024 on their website:

<https://njcleanenergy.com/renewable-energy/program-updates/rps-compliance-reports>

EXAMPLE 2025 BGS AUCTIONS WINNER

Q: Can you please provide an example calculation of the Class I obligations for a BGS Supplier winning in the 2025 BGS Auctions taking into consideration solar, TREC, and SREC-II obligations?

A: For illustrative purposes, suppose that Supplier A serves 3,000,000 MWh of electricity in EY26, EY27 and EY28 as a result of winning in the 2025 BGS-RSCP Auction and 500,000 MWh of electricity in EY26 as a result of winning in the 2025 BGS-CIEP Auction. In total Supplier A is serving 3,500,000 MWh of electricity in EY26 and 3,000,000 MWh of electricity in EY27 and EY28. Supplier A's market share of electricity supplied during EY26 is 5% ($3,500,000 \text{ MWh} \div 70,000,000 \text{ MWh}$) and during EY27 and EY28 is 4.29% ($3,000,000 \text{ MWh} \div 70,000,000 \text{ MWh}$).

Suppose that the total BGS retail electricity sales and total electricity retail sales are as follows:

Energy Year	Total BGS Retail Electricity Sales (MWh)	Total Retail Electricity Sales (MWh)
2026	45,000,000	70,000,000
2027	45,000,000	70,000,000
2028	45,000,000	70,000,000

Suppose also that the total TREC and SREC-II retirements are as follows:

² TREC and SREC-II obligations are not known until the conclusion of each energy year when the volume of retail sales subject to the RPS has been determined.

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Energy Year	Total TREC Retirements	Total SREC-II Retirements
2026	1,000,000	300,000
2027	1,000,000	300,000
2028	1,000,000	300,000

Then the Class I obligations of Supplier A can be calculated as follows:

EY26

Supplier A is responsible for the total Class I obligation. Supplier A is serving 3,500,000 MWh of electricity in EY26 for which the applicable percentage is 38.00% resulting in a total Class I obligation requirement of 1,330,000 MWh ($3,500,000 * 38.00\%$).

- The Class I obligation is reduced by the solar obligations associated with the supplier's electricity in EY26 of 157,500 MWh ($3,500,000 * 4.50\%$).
- The Class I obligation is reduced by 50,000 MWh which is the supplier's share of TRECs retired by the Program Administrator for EY26 ($1,000,000 * 5.00\%$).
- The Class I obligation is reduced by 15,000 MWh which is the supplier's share of SREC-IIs retired by the Program Administrator for EY26 ($300,000 * 5.00\%$).

Supplier A's Class I obligation for EY26 is thus 1,107,500 MWh ($1,330,000 \text{ MWh} - 157,500 \text{ MWh} - 50,000 \text{ MWh} - 15,000 \text{ MWh}$).

EY27

Supplier A is responsible for the total Class I obligation. Supplier A is serving 3,000,000 MWh of electricity in EY27 for which the applicable percentage is 41.00% resulting in a total Class I obligation requirement of 1,230,000 MWh ($3,000,000 * 41.00\%$).

- The Class I obligation is reduced by the solar obligations associated with the supplier's electricity in EY26 of 130,500 MWh ($3,000,000 * 4.35\%$).
- The Class I obligation is reduced by 42,900 MWh which is the supplier's share of TRECs retired by the Program Administrator for EY26 ($1,000,000 * 4.29\%$).
- The Class I obligation is reduced by 12,870 MWh which is the supplier's share of SREC-IIs retired by the Program Administrator for EY27 ($300,000 * 4.29\%$).

Supplier A's Class I obligation for EY27 is thus 1,043,730 MWh ($1,230,000 \text{ MWh} - 130,500 \text{ MWh} - 42,900 \text{ MWh} - 12,870 \text{ MWh}$).

EY28

Supplier A is responsible for the total Class I obligation. Supplier A is serving 3,000,000 MWh of electricity in EY28 for which the applicable percentage is 44.00% resulting in a total Class I obligation requirement of 1,320,000 MWh ($3,000,000 * 44.00\%$).

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- The Class I obligation is reduced by the solar obligations associated with the supplier's electricity in EY28 of 112,200 MWh ($3,000,000 * 3.74\%$).
- The Class I obligation is reduced by 42,900 MWh which is the supplier's share of TRECs retired by the Program Administrator for EY28 ($1,000,000 * 4.29\%$).
- The Class I obligation is reduced by 12,870 MWh which is the supplier's share of SREC-IIs retired by the Program Administrator for EY28 ($300,000 * 4.29\%$).

Supplier A's Class I obligation for EY28 is thus 1,152,030 MWh ($1,320,000 \text{ MWh} - 112,200 \text{ MWh} - 42,900 \text{ MWh} - 12,870 \text{ MWh}$).